

SENATE BILL 508

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CF HB 768

By: **Senator McFadden (Chair, Joint Committee on Pensions)**

Introduced and read first time: February 3, 2010

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: March 16, 2010

CHAPTER _____

1 AN ACT concerning

2 **Employees' Retirement and Pension Systems – Maryland School for the Deaf**
3 **Retirees – Overpayment of Benefits**

4 FOR the purpose of requiring the Board of Trustees of the State Retirement and
5 Pension System to suspend the application of certain annual retirement
6 allowance adjustments to certain retirees for a certain period of time until
7 certain retirement allowances equal a certain amount; requiring the Board of
8 Trustees to resume the application of certain annual retirement allowance
9 adjustments to certain retirees under certain circumstances; requiring the
10 Board of Trustees to calculate certain benefits for certain designated
11 beneficiaries using a certain retirement allowance; providing that the Board of
12 Trustees is not required to recover certain overpayments made prior to a certain
13 date to certain retirees; and generally relating to the overpayment of retirement
14 benefits to retirees of the Maryland School for the Deaf.

15 BY repealing and reenacting, with amendments,
16 Article – State Personnel and Pensions
17 Section 21–113(a)
18 Annotated Code of Maryland
19 (2009 Replacement Volume and 2009 Supplement)

20 BY adding to
21 Article – State Personnel and Pensions
22 Section 29–402
23 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (2009 Replacement Volume and 2009 Supplement)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
3 MARYLAND, That the Laws of Maryland read as follows:

4 **Article – State Personnel and Pensions**

5 21–113.

6 (a) [If,] **EXCEPT AS PROVIDED IN § 29–402 OF THIS ARTICLE, IF**, because
7 of an error in the records of the several systems, a retiree or beneficiary receives a
8 benefit that differs from the benefit the retiree or beneficiary is entitled to receive, the
9 Board of Trustees shall:

10 (1) correct the error; and

11 (2) to the extent practicable, adjust the payment to the retiree or
12 beneficiary to provide the actuarial equivalent to which the retiree or beneficiary is
13 correctly entitled.

14 **29–402.**

15 **(A) THIS SECTION APPLIES TO A RETIREE OF THE EMPLOYEES’**
16 **RETIREMENT SYSTEM OR EMPLOYEES’ PENSION SYSTEM WHO:**

17 **(1) RETIRED FROM THE EMPLOYEES’ RETIREMENT SYSTEM OR**
18 **EMPLOYEES’ PENSION SYSTEM ON OR BEFORE JUNE 30, 2009;**

19 **(2) BEFORE RETIREMENT WAS AN EMPLOYEE OF THE MARYLAND**
20 **SCHOOL FOR THE DEAF; AND**

21 **(3) BEFORE RETIREMENT, AS AN EMPLOYEE FOR THE MARYLAND**
22 **SCHOOL FOR THE DEAF, WAS A 10–MONTH EMPLOYEE INCORRECTLY**
23 **CLASSIFIED AS A 12–MONTH EMPLOYEE.**

24 **(B) (1) IF A RETIREE IS RECEIVING A BENEFIT THAT DIFFERS FROM**
25 **THE BENEFIT THE RETIREE IS ENTITLED TO RECEIVE, THE BOARD OF**
26 **TRUSTEES SHALL, BEGINNING JULY 1, 2010, AND EACH SUBSEQUENT JULY 1,**
27 **SUSPEND ANY ANNUAL RETIREMENT ALLOWANCE ADJUSTMENT THE RETIREE**
28 **MAY RECEIVE UNDER THIS SUBTITLE.**

29 **(2) BEGINNING JULY 1, 2010, AND EACH SUBSEQUENT JULY 1,**
30 **ANY ADJUSTMENT TO THE RETIREE’S ANNUAL RETIREMENT ALLOWANCE**
31 **DESCRIBED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE**
32 **CALCULATED USING:**

1 **(I) FOR ANY ADJUSTMENT CALCULATED UNDER PART II OR**
2 **PART III OF THIS SUBTITLE, THE INITIAL ALLOWANCE THE RETIREE WAS**
3 **ENTITLED TO RECEIVE AND NOT THE INITIAL ALLOWANCE THE RETIREE DID**
4 **RECEIVE;**

5 **(II) FOR ANY ADJUSTMENT CALCULATED UNDER PART IV**
6 **AND PART VI OF THIS SUBTITLE, THE CURRENT RETIREMENT ALLOWANCE THE**
7 **RETIREE IS ENTITLED TO RECEIVE AND NOT THE CURRENT RETIREMENT**
8 **ALLOWANCE THE RETIREE IS RECEIVING; OR**

9 **(III) FOR ANY ADJUSTMENT CALCULATED UNDER PART V OF**
10 **THIS SUBTITLE, BOTH THE INITIAL ALLOWANCE THE RETIREE WAS ENTITLED TO**
11 **RECEIVE AND NOT THE INITIAL ALLOWANCE THE RETIREE DID RECEIVE AND**
12 **THE CURRENT RETIREMENT ALLOWANCE THE RETIREE IS ENTITLED TO**
13 **RECEIVE AND NOT THE CURRENT RETIREMENT ALLOWANCE THE RETIREE IS**
14 **RECEIVING.**

15 **(3) THE BOARD OF TRUSTEES SHALL SUSPEND ANY ANNUAL**
16 **RETIREMENT ADJUSTMENT UNDER THIS SUBSECTION UNTIL THE TOTAL**
17 **AMOUNT OF RETIREMENT ALLOWANCE THE RETIREE IS ENTITLED TO RECEIVE,**
18 **INCLUDING ANY SUSPENDED ANNUAL RETIREMENT ALLOWANCE ADJUSTMENTS,**
19 **EQUALS THE TOTAL AMOUNT OF RETIREMENT ALLOWANCE THE RETIREE IS**
20 **RECEIVING ON JULY 1, 2010.**

21 **(4) WHEN THE TOTAL AMOUNT OF RETIREMENT ALLOWANCE THE**
22 **RETIREE IS ENTITLED TO RECEIVE, INCLUDING ANY SUSPENDED ANNUAL**
23 **RETIREMENT ALLOWANCE ADJUSTMENTS, EQUALS THE TOTAL AMOUNT OF**
24 **RETIREMENT ALLOWANCE THE RETIREE IS RECEIVING ON JULY 1, 2010, THE**
25 **BOARD OF TRUSTEES SHALL RESUME ADJUSTING THE RETIREE'S ANNUAL**
26 **ALLOWANCE ON JULY 1 OF EACH YEAR IN ACCORDANCE WITH THIS SUBTITLE.**

27 **(C) IF A RETIREE DIES BEFORE THE TOTAL AMOUNT OF RETIREMENT**
28 **ALLOWANCE THE RETIREE WAS ENTITLED TO RECEIVE, INCLUDING ANY**
29 **SUSPENDED ANNUAL RETIREMENT ALLOWANCE ADJUSTMENTS, EQUALS THE**
30 **TOTAL AMOUNT OF RETIREMENT ALLOWANCE THE RETIREE WAS RECEIVING ON**
31 **JULY 1, 2010, AND THE RETIREE HAS SELECTED AN OPTIONAL FORM OF**
32 **ALLOWANCE UNDER TITLE 21, SUBTITLE 4 OF THIS ARTICLE, THE DECEASED**
33 **RETIREE'S BENEFICIARY SHALL RECEIVE A BENEFIT CALCULATED ON THE**
34 **RETIREMENT ALLOWANCE THE DECEASED RETIREE WAS ENTITLED TO RECEIVE**
35 **AT THE TIME OF THE RETIREE'S DEATH AND NOT WHAT THE RETIREE WAS**
36 **RECEIVING AT THE TIME OF THE RETIREE'S DEATH.**

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1 SECTION 2. AND BE IT FURTHER ENACTED, That, in accordance with §
2 21–113 of the State Personnel and Pensions Article, the Board of Trustees of the State
3 Retirement and Pension System is not required to recover any improper overpayment
4 received by a retiree on or before July 1, 2010, if the retiree:

5 (1) retired from the Employees’ Retirement System or Employees’
6 Pension System on or before June 30, 2009;

7 (2) before retirement was an employee of the Maryland School for the
8 Deaf; and

9 (3) before retirement, as an employee for the Maryland School for the
10 Deaf, was a 10–month employee incorrectly classified with the State Retirement
11 Agency as a 12–month employee.

12 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 2010.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.